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MEMORANDUM FOR THE RECORD

28 April 1949

1. On Tuesday, 26 April 1949, a meeting was held at 10:00 A.M. in the offices of the Budget Officer for the purpose of discussing certain adjustments between appropriations, as a result of dollars on hand at the end of fiscal years. This meeting was attended by Messrs. Saunders, [redacted] Houston, Warner, [redacted] It was pointed out by [redacted] that certain discrepancies were apparent in transfers which have been accomplished for prior fiscal years. The question was raised as to whether or not an adjustment should now be made. The consensus was that there would be nothing to gain by effecting such an adjustment with Treasury at this time. The audit report, however, would indicate the nature and extent of the discrepancies for such internal book adjustment as may be deemed advisable by proper authority.

2. In order to avoid future inconsistencies and to ensure against possible augmentation of appropriation, it was deemed desirable to establish a formal policy for the adjustment between appropriations for dollar assets on hand at the end of each fiscal year.

3. In the ensuing discussion it was recognized that it would be impractical to attempt to ascertain the exact dollar balances on hand at June 30 in each outstanding advance account throughout the world. Reasons of security and administrative practicality preclude such practice, as it would take many months of correspondence and audit analysis to precisely ascertain the amount of the fiscal year adjustment. The type of advance accounts is varied and includes, but is not limited to, travel advances, operational advances, special deposits, and other instruments not in the form of U. S. currency.

4. It was generally agreed that the year-end appropriation adjustments would be based upon the actual U. S. dollar currency held in Washington, D. C. and all foreign stations. Adjustments will be made as quickly as possible after the close of each fiscal year and small discrepancies which may later develop will not be considered. In the event that substantial discrepancies appear after the initial adjustment has been made, corrective action will be effected. Further, if there is known to be substantial funds represented by negotiable instruments or special deposits which may properly be considered as dollars, adjustment will be made for such items. There is no precise formula which can be used in making a determination in such cases. The criteria will be the intended use of such instruments and deposits, i. e., whether or not they represent actual financing of specific operations, a mechanic for obtaining foreign currencies, or whether they are merely a mechanic for transferring dollar funds for stockpile, etc. Every effort will be made to effect practical and consistent application of principles of "good faith" to avoid unjustifiable augmentation or reduction of any year's appropriation.

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5. This memorandum is submitted for concurrence or further consideration by all those in attendance at the meeting referred to above.

/s/

Chief,

25X1

This memorandum sets forth guiding principles under established policies and as such has my approval:

/s/ John S. Warner
Assistant General Counsel

/s/
Chief, ~~100~~ Audit Branch

/s/ E. R. Saunders
Budget Officer

VRT:mb

*Cross reference: 240 : Audits : Auditing
231 Acct'g Systems & Proc., Conf. Funds.*

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REMARKS:

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